

Memorandum

September 10, 2002

Instructional Memo: 02-04

TO: Curt Gegoux- Equipment Superintendent NWR
Brad Littlefield- Equipment Superintendent NCR
Jim Green-Equipment Superintendent OR
Jerry Stark- Equipment Superintendent SWR
Bruce Haley- Equipment Superintendent SCR
Craig Clouse- Equipment Superintendent ER

FROM: Brian Ziegler
Director, Maintenance & Operations Programs

SUBJECT: Credit For Early Turn-In of OTEF Vehicles and Equipment

I Purpose:

To rapidly establish a statewide consistent procedure for issuing, redeeming, and tracking program credits due to early turn-in of equipment.

II Discussion:

Equipment that has not completed established life cycles, but is no longer needed, sits in yards waiting for scheduled replacement in order to take advantage of the "Substitute Purchasing" process.

To alleviate this situation, a process is hereby established to award financial credit to the relinquishing organization for the early turn-in of vehicles and equipment.

OTEF receives sales revenue only for equipment classes 1 - 23, 25, and 50; therefore this process is applicable to only those equipment classes.

III. Procedures:**1. Establishing Credit:**

- a. Funds cannot be transferred from OTEF into an appropriated program. Therefore, OTEF will issue credit that allows relinquishing organizations to purchase other equipment or fund desired upgrades on new or existing OTEF units.
- b. For units that are turned-in prior to the end of their life cycle, financial credit will be issued in the amount of the unit's sales return - after the sale has been accomplished.
- c. To initiate the process for credit, a form 267-A, annotated "early turn-in for credit" within the disposition column, must be submitted to the Equipment Manager.
- d. The headquarters Equipment Administration Office will maintain a register of credit at <http://www.wsdot.wa.gov/biz/equipment/default.htm/>), which will provide current credit information.
- e. Equipment that is scheduled for replacement within the current consecutive two-year period will not receive credit for early turn. Rather, these items will be processed as a normal substitute purchase; whereas, the organization relinquishing the item will be given financial credit equal to OTEF's Business Plan authorization amount for the item's subclass.

2. Redeeming Credit:

- a. Issued credits may be redeemed only on capital purchase requests for equipment numbered units.
 - (1). A copy of any capital request that uses issued credits as a funding source will be provided to the Headquarters Equipment Administration Office simultaneous to the purchase.
 - (2). Credit expenditures are to be coded with XXCR (where XX equals the current fiscal year) in the control section of any purchasing document using these credits as a funding source.
 - (3). The dollar value of the credit being redeemed will be annotated on the payment coding line of the requisition or field order.
- b. Credits will expire two years after the original issue date.

3. Transferring Equipment That Is Turned-In For Credit:

When vehicles and equipment are being turned-in early, and a need is identified for that item within the department, the following will occur:

- a. Prior to the initiation of an equipment transfer, the additional equipment need will be approved by the appropriate regional level program manger.
- b. If the relinquishing organization desires financial credit for the turn-in, the credit will be accomplished by one of the following methods; which will be determined through consensus of the regional level program managers of the gaining and losing organizations:
 - (1.) Financial credit in the amount of the unit's FEMS book value will be transferred from the gaining unit's appropriated operating allocation to the losing organization's operating allocation. OTEF will not be involved in these types of funds transactions.
 - (2.) Financial credit may be "transferred" from an OTEF capital expenditure authorization, in the amount of the unit's FEMS book value, under the auspices of substitute purchasing rules. In this case, the organization relinquishing the item will be allowed to use an old equipment number for which an expenditure authorization has been issued to the gaining organization as a funding source.